



1 and No/100ths Dollars (\$750,000.00) with an adjustable interest rate thereon to begin at one  
2 percent (1%) per annum with no prepayment penalties; the details of those discussions were  
3 memorialized in the loan interest rate lock agreement dated August 8, 2005 which is herein  
4 incorporated by reference as Exhibit A. Before my meeting with the employee was completed, I  
5 was told to go to the offices of Chicago Title Company at 39420 Liberty Street, Suite 155, in  
6 Fremont, California in order to execute the loan agreement.

7 3. On August 8, 2005, neither HCL nor any of its employees/agents provided me a copy of the  
8 loan documents or notify me that a prepayment penalty would included in the terms of the loan.

9 4. On August 9, 2005, I entered the offices of Chicago Title Company to sign and execute the  
10 loan agreement. I was instructed to go into an office/meeting room and sign several pages of  
11 documents by one of the employees of the Chicago Title Company; at no time did HCL or any of  
12 its employees or agents instruct me on how to sign the loan agreement, or inform me as to the  
13 nature of the document I was signing.

14 5. On or about August 9, 2005, I signed loan agreement B7050085SS after plaintiff signed the  
15 loan agreement and related documents, plaintiff received via hand delivery a copy of the note,  
16 deed of trust, and a Truth in Lending disclosure statement. A copy of the loan agreement is  
17 attached hereto and hereby incorporated by reference as Exhibit B.

18 6. On December 5, 2006, I attempted to refinance my loan with National City Mortgage, when I  
19 discovered that a prepayment penalty in would be incurred on the loan with HCL in the amount  
20 of \$29,093.30, despite the initial negotiations.

21 7. Soon thereafter, in December 2006, I contacted HCL regarding the prepayment penalty; I  
22 notified HCL and Hon Yuen Cheng, by phone and in person, that the prepayment penalty had  
23 been included in my loan agreement.

24 8. In about January 2007, HCL and Hon Yuen Cheng notified me via letter that HCL would offer  
25 me a new loan refinancing transaction with 6.875% interest to help me to refinance out of my  
26 existing Option ARM mortgage program. The letter stated that in consideration of me accepting  
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1 the new loan, HCL would cover the prepayment penalty that had been assessed to my loan in the  
2 amount of \$29,093.30 and not charge me any lender fees. A copy of the letter is attached hereto  
3 and hereby incorporated by reference as Exhibit C.

4 9. On or about February 2007, HCL and Hon Yuen Cheng notified me via facsimile in a  
5 Underwriting Approval Notice that HCL would offer me a new loan refinancing transaction in  
6 the principal amount of \$785,000.00 with 7.750% interest. A copy of the underwriting approval  
7 notice is attached hereto and hereby incorporated by reference as Exhibit D.

8 23. Because my loan contained the prepayment penalty provision without my consent, I was  
9 unable to enter into a new loan agreement with more favorable terms in December 2006. At the  
10 time in December 2006 that I attempted to enter into the new financing arrangement with  
11 National City Mortgage I was offered a loan with a fixed interest rate of 5.875%, with interest  
12 only payments, for a five (5) year term, and without a prepayment penalty. A copy of the loan  
13 approval from National City Mortgage is attached hereto and hereby incorporated by reference as  
14 Exhibit E.

15 5. Due to the inclusion of the prepayment penalty against the terms that I had agreed upon, I  
16 chose not to complete the loan transaction with National City Mortgage Corporation until HCL  
17 honored the terms of my loan without a prepayment penalty.

18 24. As a result of the prepayment penalty, I have been assessed negative amortization on the  
19 principal of the loan in the amount of \$27,658.78, in particular, \$3,264.48 December 2006,  
20 \$3,370.66 January 2007, \$3,396.29 February 2007, \$3,422.12 March 2007, \$3,530.90 April  
21 2007, \$3,3558.11 May, \$3,3558.11 June 2007; \$3,3558.11 July 2007. Had I been able to  
22 refinance my loan, I would not have assessed this negative amortization.

23 25. As a result of the prepayment, I was unable to enter into a new loan program and in order to  
24 now achieve a loan on similar terms as I would have received in December 2006, I must now buy  
25 down the interest rate on the loan at a cost of one and one-half (1.5) points or the equivalent of  
26 \$12,023.53.

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4 **Hamid Karimi**  
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28 **Declaration in of Hamid Karimi**

**EXHIBIT A**

**Rate Lock Agreement**

**NOTICE OF MANUAL FILING**

**EXHIBIT B**

**Loan Agreement**

**NOTICE OF MANUAL FILING**

Declaration in of Hamid Karimi

**EXHIBIT C**

**Letter from HCL**

**NOTICE OF MANUAL FILING**

**Declaration in of Hamid Karimi**

**EXHIBIT D**

**Underwriting Approval Notice  
NOTICE OF MANUAL FILING**



**EXHIBIT E**

National City Mortgage Loan Approval

**NOTICE OF MANUAL FILING**